

RECEIVED

2014 MAY 14 PM 1:08

IDAHO PUBLIC
UTILITIES COMMISSION

JULIA A. HILTON
Corporate Counsel
jhilton@idahopower.com

May 14, 2014

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-13-25
Schedule 86 Update – Joint Motion for Approval of Settlement Stipulation
and Settlement Stipulation

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies each of the Joint Motion for Approval of Settlement Stipulation and Settlement Stipulation.

Very truly yours,



Julia A. Hilton

JAH:csb
Enclosures

DONOVAN E. WALKER (ISB No. 5921)
JULIA A. HILTON (ISB No. 7740)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5104
Facsimile: (208) 388-6936
dwalker@idahopower.com
jhilton@idahopower.com

Attorneys for Idaho Power Company

RECEIVED
2014 MAY 14 PM 1:08
IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF TARIFF ADVICE
NO. 13-05 OF IDAHO POWER
COMPANY FOR AUTHORITY TO
UPDATE SCHEDULE 86.

)
)
)
)
)
)

CASE NO. IPC-E-13-25
JOINT MOTION FOR APPROVAL
OF SETTLEMENT STIPULATION

I. MOTION

Idaho Power Company ("Idaho Power" or "Company; Idaho Public Utilities Commission Staff ("Staff"); J.R. Simplot Company; SE Hazelton A, L.P.; Fulcrum, Inc.; BP Hydro Associates; Bypass Power Company, Inc.; Notch Butte Hydro Company Inc.; and Cassia Wind Farm, LLC, referred to herein individually as a "Party" and collectively as the "Parties", hereby respectfully move the Idaho Public Utilities Commission ("Commission") pursuant to *Idaho Code* § 61-502, RP 56, and RP 274 for an Order approving the Settlement Stipulation executed between the Parties. This Motion is based on the following:

I. INTRODUCTION

1. The terms and conditions of the Settlement Stipulation are summarized in this Motion and fully set forth in the accompanying Settlement Stipulation filed herewith.

The Parties agree that the Settlement Stipulation represents a fair, just, and reasonable compromise of the dispute(s) between the Parties and that this Settlement Stipulation is in the public interest. The Parties maintain that the Settlement Stipulation as a whole and its acceptance by the Commission represent a reasonable resolution of all issues between the Parties identified herein. Therefore, the Parties request that the Commission, in accordance with RP 274-76, approve the Settlement Stipulation and all of its terms and conditions without material change or condition.

II. BACKGROUND

2. On October 24, 2013, Idaho Power filed Tariff Advice No. 13-05 with the Commission seeking authority to update its Schedule 86, by adding the words “volume” in front of “weighted average” and to replace the reference to the Dow Jones non-firm Mid-C electricity price index as reported in the Wall Street Journal with reference to the Platts non-firm Mid-C electricity price index. The Publisher of the Dow Jones and Platts indices provided notice that as of September 13, 2013, it was discontinuing publication of the Dow Jones non-firm index and transitioning to the Platts non-firm index.

3. On November 18, 2013, Staff recommended that the tariff advice be suspended and the case processed by Modified Procedure. On December 6, 2013, the Commission issued Order No. 32945, Notice of Filing and Notice of Intervention Deadline asking any interested persons to file Petitions to Intervene no later than December 20, 2013. The following parties petitioned for, and were granted, intervention: J.R. Simplot Company; SE Hazelton A, L.P.; Fulcrum, Inc.; BP Hydro Associates; Bypass Power Company, Inc.; Notch Butte Hydro Company Inc.; and Cassia Wind Farm, LLC. On February 25, 2014, the Commission issued Order No. 32985, Notice of Scheduling and Notice of Technical Hearing, adopting the Parties’

recommended procedural schedule which started with a Meeting to Discuss Settlement scheduled for March 4, 2014.

4. The Parties met on March 4, 2014, for settlement discussions and reached agreement resolving all issues between the Parties identified herein. Based upon the settlement discussions, as a compromise of the respective positions of the parties, and for other consideration as set forth below, the Parties agreed to the following terms set forth more fully in the Settlement Stipulation filed herewith:

III. TERMS OF THE SETTLEMENT STIPULATION

5. The Parties agree to amend the definition of "Avoided Energy Cost" contained in Schedule 86 to state as follows:

Avoided Energy Cost is 82.4% of the monthly arithmetic average of each day's Intercontinental Exchange ("ICE") daily firm Mid-C Peak Avg and Mid-C Off-Peak Avg index prices. Each day's index prices will reflect the relative proportions of peak hours and off-peak hours in the month as follows:

Heavy Load (HL) Hours: The daily hours from hour ending 0700-2200 Mountain Time, (16 hours) *excluding* all hours on all Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Light Load (LL) Hours: The daily hours from hour ending 2300-0600 Mountain Time (8 hours), plus all other hours on all Sundays, New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

The actual Avoided Energy Cost calculation being:

$$.824 * \left(\sum_{x=1}^n \{(\text{ICE Mid-C Peak Avg}_x * \text{HL hours for day}) + (\text{ICE Mid-C Off-Peak Avg}_x * \text{LL hours for day})\} / (n*24) \right)$$

where n = number of days in the month

If the ICE Mid-C Index prices are not reported for a particular day or days, prices derived from the respective averages of HL and LL prices for the immediately preceding and following reporting periods or days shall be substituted into the formula stated in this definition and shall therefore be multiplied by the appropriate respective numbers of HL and LL Hours for such particular day or days with the result that each hour in such month shall have a related price in such formula. If the day for which prices are not reported has in it only LL Hours (for example a Sunday), the respective averages shall use only prices reported for LL hours in the immediately preceding and following reporting periods or days. If the day for which prices are not reported is a Saturday or Monday or is adjacent on the calendar to a holiday, the prices used for HL Hours shall be those for HL hours in the nearest (forward or backward) reporting periods or days for which HL prices are reported.

Filed as Attachment No. 1 to the Settlement Stipulation is an example of a Schedule 86 avoided cost rate calculation using one month of actual data from the ICE Mid-C daily price index. Filed as Attachment No. 2 to the Settlement Stipulation is a red-lined version of Schedule 86 showing the above-referenced change. The Parties agreement was, on a net basis, that 70% of the ICE firm index would replace the current 85% of the Dow Jones non-firm index. However, because of the way that Schedule 86 is structured, Purchase Price is defined as 85% of the monthly Avoided Energy Cost. In review of past Commission Orders the 85% reference is meant to provide for the cost of transmission, losses, and other transaction costs related with either moving the non-firm energy to market or serving load to assure that customers remain indifferent to the PURPA transaction. In the interest of compromise, the Settlement does not propose any change to the referenced 85% discount in the Purchase Price section of Schedule 86, and thus preserves the reference to these separate and distinct costs. Consequently, since the Parties' agreement was for a net discount of 70% to the firm ICE index to replace the 85% of the non-firm Dow Jones index, a discount of 82.4% is

required in the Avoided Energy Cost to arrive at the index price. Then the 85% discount is applied to the Purchase Price, which roughly equates to the 70% discount to the firm ICE index.

6. The Parties agree to amend the Firm Energy Sales Agreements ("FESA") between Idaho Power and each intervening party to reference the ICE index using the same language as, and consistent with, the Schedule 86 language agreed upon herein. Filed as Attachment No. 2 to the Settlement Stipulation are the associated Firm Energy Sales Agreement Amendments, signed by Idaho Power and the relevant intervening party, required to effectuate this change to the power sales agreements. The Parties jointly recommend approval of each of these contract amendments as part of this Settlement Stipulation.

7. The Parties jointly recommend to the Commission that it allow any existing PURPA qualifying facility ("QF") that currently has a contract with Idaho Power containing reference to the Dow Jones non-firm Mid-C electricity price index to amend their respective FESAs consistent with the terms agreed to in this Settlement Stipulation and similar to the contract amendments submitted for approval herewith between Idaho Power and the intervening parties, should they choose to do so.

8. The Settlement Stipulation contains a provision stating that all terms and conditions of the Settlement Agreement are subject to approval by this Commission and that only after such approval, without material change or modification, has been received shall the Settlement Agreement be valid.

9. The Settlement Stipulation is a fair, equitable, and final resolution to this matter, and others between the Parties, and is in the public interest. The Parties

respectfully requests that the Commission grant this Motion and approve the Settlement Stipulation in its entirety, without material change or condition, pursuant to RP 274.

III. PROCEDURE

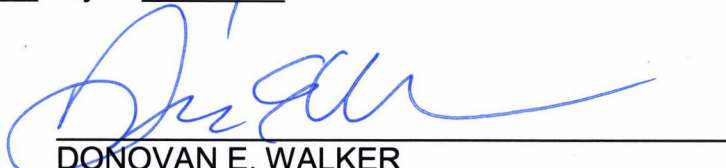
10. Pursuant to RP 274, the Commission has discretion to determine the manner with which it considers a proposed settlement. In this matter, the Parties have reached agreement on proposed changes to Schedule 86 and modification of their respective FESAs. The Settlement Stipulation is reasonable and in the public interest. The Parties request that the Commission approve the Settlement Stipulation without further proceedings.


11. In the alternative, should the Commission determine that further proceedings are required to consider the Settlement Stipulation, pursuant to RP 201, the parties believe the public interest does not require a hearing to consider the issues presented by this Motion and request it be processed as expeditiously as possible by Modified Procedure, without waiving the right to a hearing on the previously disputed matters in this proceeding should the Commission reject the settlement.

IV. REQUESTED RELIEF

NOW, THEREFORE, the Parties respectfully request that the Commission enter its Order approving the Settlement Stipulation without material change or condition, and without further proceedings.

Respectfully submitted this 9th day of May 2014.

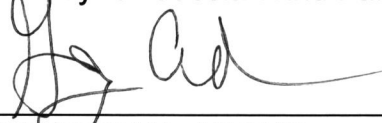

DONOVAN E. WALKER
Attorney for Idaho Power Company



KRISTINE A. SASSER
Attorney for IPUC Staff



PETER J. RICHARDSON
Attorney for Cassia Wind Farm, LLC



GREGORY M. ADAMS
Attorney for J.R. Simplot Company; SE
Hazelton A, L.P.; Fulcrum, Inc.; BP Hydro
Associates; Bypass Power Company, Inc.;
Notch Butte Hydro Company Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 14th day of May 2014 I served a true and correct copy of the JOINT MOTION FOR APPROVAL OF SETTLEMENT STIPULATION upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Kristine A. Sasser
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington (83702)
P.O. Box 83720
Boise, Idaho 83720-0074

☐ Hand Delivered
☐ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email kris.sasser@puc.idaho.gov

J. R. Simplot Company; Cassia Wind Farm, LLC; SE Hazelton A, L.P.; Fulcrum, Inc.; BP Hydro Associates; Bypass Power Company, Inc.; and Notch Butte Hydro Company, Inc.

Peter J. Richardson
Gregory M. Adams
RICHARDSON ADAMS, PLLC
515 North 27th Street
Boise, Idaho 83702

☐ Hand Delivered
☐ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email peter@richardsonadams.com
greg@richardsonadams.com

J. R. Simplot Company

Don Sturtevant
J. R. Simplot Company
P.O. Box 27
Boise, Idaho 83707-0027

☐ Hand Delivered
☐ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email don.sturtevant@simplot.com

Cassia Wind Farm, LLC

Paul Ackerman
Assistant General Counsel
Exelon Business Services Company, LLC
100 Constellation Way
Baltimore, Maryland 21202

☐ Hand Delivered
☐ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email paul.ackerman@constellation.com

**SE Hazelton A, L.P.; Fulcrum, Inc.; BP
Hydro Associates; Bypass Power
Company, Inc.; and Notch Butte Hydro
Company, Inc.**

Megan Beauregard
Associate General Counsel
Enel Green Power North America, Inc.
One Tech Drive, Suite 220
Andover, Massachusetts 01810

☐ Hand Delivered
☐ U.S. Mail
☐ Overnight Mail
☐ FAX
☒ Email Megan.Beauregard@enel.com


Christa Bearry, Legal Assistant